

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Friday, December 11, 1942, at 11:00 a.m.

PRESENT: Mr. Eccles, Chairman
Mr. Ransom, Vice Chairman
Mr. Szymczak
Mr. McKee
Mr. Draper
Mr. Evans

Mr. Morrill, Secretary
Mr. Bethea, Assistant Secretary
Mr. Carpenter, Assistant Secretary
Mr. Clayton, Assistant to the Chairman

The action stated with respect to each of the matters hereinafter referred to was taken by the Board:

The minutes of the meeting of the Board of Governors of the Federal Reserve System held on December 10, 1942, were approved unanimously.

Telegrams to Mr. Paddock, President of the Federal Reserve Bank of Boston, Mr. Treiber, Secretary of the Federal Reserve Bank of New York, Messrs. Leach and McLarin, Presidents of the Federal Reserve Banks of Richmond and Atlanta, respectively, and Messrs. Dillard, Stewart, Powell, and Hale, Secretaries of the Federal Reserve Banks of Chicago, St. Louis, Minneapolis, and San Francisco, respectively, stating that the Board approves the establishment without change by the Federal Reserve Bank of San Francisco on December 8, by the Federal Reserve Bank of Atlanta on December 9, by the Federal Reserve Banks of New York, Richmond, Chicago, St. Louis, and Minneapolis on December 10, 1942, and by the Federal Reserve Bank of Boston today, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

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Letter to Mr. George M. Johnson, Assistant Executive Secretary of the President's Committee on Fair Employment Practice, War Manpower Commission, reading as follows:

"This is in reply to your letter of November 2 to Chairman Eccles in which you state that the President's Committee on Fair Employment Practice has received a report from the United States Employment Service, Washington, D. C. office, alleging that a discriminatory requisition for elevator operators had been received on July 21, 1942, from Mr. Kilgore, who was at that time employed by this Board, but who has since left the employment of the Board to serve as an officer in the United States Navy.

"Until the receipt of your letter the Board had no knowledge of the statements alleged to have been made by Mr. Kilgore in this instance. That the Board has not sanctioned any unfair discriminatory practice in this matter is evidenced by the percentage of negro employees on the Board's staff."

Approved unanimously.

Telegram to Mr. R. E. Klages, President of the Columbus Auto Parts Company, Columbus, Ohio, reading as follows:

"Responding your wire after discussing matter with members of Board. In view of circumstances the only course open seems to be to postpone meeting until such date in January as can be arranged so that your committee (of directors on official personnel at Cleveland Reserve Bank) can meet with members of Board in Washington."

Approved unanimously.

Letter to Mr. Leach, President of the Federal Reserve Bank of Richmond, reading as follows:

"In accordance with the request contained in your letter of December 2, 1942, the Board approves the appointments of Forrest O. Kendall and Charles E. Hall as assistant examiners for the Federal Reserve Bank of Richmond. Please advise us of the dates upon which these appointments become effective and also as to the salary rates.

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"It has been noted that the aggregate indebtedness of Mr. Hall is somewhat out of proportion to his reported salary as a senior clerk as of January 1, 1942, and that part of the indebtedness is due a national bank. Accordingly, the Board's approval of the appointment is given with the understanding that the indebtedness to the national bank will be liquidated or financed through sources other than banks. It has been noted also that the income from his Charlottesville property is being placed in a special account to liquidate his mortgage indebtedness after the payment of taxes.

"With regard to the indebtedness of Mr. Kendall to a national bank, it is assumed that this obligation will be placed on a regular reduction basis, if such is not already the case."

Approved unanimously.

Letter to Mr. Mulroney, Vice President of the Federal Reserve Bank of Chicago, reading as follows:

"In accordance with the request contained in your letter of December 3, 1942, the Board approves the appointment of Roy Edward Peterson as an assistant examiner for the Federal Reserve Bank of Chicago. Please advise us of the date upon which the appointment becomes effective."

Approved unanimously.

Letter to Mr. Paulger, Chief of the Board's Division of Examinations, reading as follows:

"Paragraph number 7 of section 5240 of the United States Revised Statutes (section 21 of the Federal Reserve Act), as amended, provides that the Board of Governors of the Federal Reserve System, at least once each year, shall order an examination of each Federal Reserve Bank.

"In accordance with this provision of the law, the Board orders that at least one examination of each of the twelve Federal Reserve Banks be made during the year 1943, and the Board authorizes and directs you to institute and conduct such examinations at such time or times as may seem advisable in your judgment."

Approved unanimously.

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Letter to the Presidents of all the Federal Reserve Banks, reading as follows:

"It is understood that several Federal Reserve Banks have received inquiries regarding the application of Regulation W to advances made by general agents of insurance companies to their sub-agents for living expenses and the like. The inquiries have not been submitted to the Board and therefore the Board does not know all the facts upon which they are based. However, in the usual case it would seem that the answer to such questions would depend upon whether or not the general agent was 'engaged in the business' of making loans within the meaning of section 3(a). If the loans are merely sporadic, isolated transactions, the agent would not be so engaged and the Regulation would not be applicable."

Approved unanimously.

Telegram to Mr. Swanson, Vice President of the Federal Reserve Bank of Minneapolis, reading as follows:

"Your wire December 7. An agreement to pay the amount in default in a single payment at any time within one month from date of agreement will suffice to cure default under section 5(d)(2) of Regulation W. A post-dated check, however, while evidence of an agreement as described in section 5(d)(2), would not itself constitute 'a written agreement' required by that section."

Approved unanimously.

Letter to Mr. Leach, Chairman of the Committee on Operations of the Conference of Presidents, Federal Reserve Bank of Richmond, reading as follows:

"This is in reply to your letter of November 25, 1942, submitting to the Board for its approval the insurance agreement as revised and agreed upon by the temporary insurance committee at its meeting in Washington on November 19-20, 1942.

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"In submitting to you, as Chairman of the Committee on Operations, Conference of Presidents, the report of the temporary insurance committee, Mr. Stroud, chairman of that committee, stated: 'It is contemplated that the permanent committee provided for in the agreement will study means of improving the agreement from time to time in the light of further experience.' The insurance agreement, however, does not expressly impose upon the insurance committee created thereunder any obligation to conduct studies, with a view to extending the coverage of the agreement to additional practicable risks. Therefore, the Board is approving the insurance agreement in the form submitted by you, with the understanding that the Conference of Presidents will instruct the insurance committee to consider without delay the extension of the coverage as suggested in the Board's letter of March 30, 1942, to Chairman Day, of the Conference of Presidents, copy of which was furnished you on the same date."

Approved unanimously.

Thereupon the meeting adjourned.

Orestes Morice
Secretary.

Approved:

W. S. Eccles
Chairman.